



UM
DIST

OVERSIGHT

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FOREWORD BY THE CHAIRPERSON OF THE OVERSIGHT COMMITTEE

COUNCILLOR N. V. DUZE

Mr. Speaker,

It gives me great pleasure, on behalf of the Oversight Committee, to present the 2009 / 2010 Oversight Report.

During consultative meetings with Ward Committee Members, Members of Ratepayers Associations and Councillors at Mkhambathini, Mpofana and Richmond Municipalities it was found that, although progress is being made in the provision of water and sanitation, there is still much room for improvement. However, in its discussions with the Municipal Manager and other Managers, the Oversight Committee found that the Water Services Development Plan sets out a logical and systematic programme for addressing the expectations of communities with regard to water and sanitation services.

For the first time the Oversight Committee included Msunduzi Municipality in its consultative process. The purpose of this meeting was to establish to what extent the District is meeting the expectations of Msunduzi and to evaluate the effectiveness of shared services between the two Municipalities.



**Cllr N V Duze, Chairperson of the
2009 / 2010 Oversight Committee**



MEMBERS OF THE OVERSIGHT COMMITTEE



Cllr. NV Duze
(ANC - Chair)



Cllr. MP Mkhize
(ANC)



Cllr. DA Ndlela
(ANC)



Cllr. JEP Green
(DA)



Cllr. BE Zuma
(IFP)



Mr. VV Dlamini
(Com Rep)



Mrs. OHD Phoswa
(Com Rep)



Mr. JP Myakayaka
(Com Rep)



Mr. A Ramnunan
(Com Rep)

INTRODUCTION

In terms of the Municipal Finance Management Act (Act No 56 of 2003) and the Municipal Systems Act (Act No 32 of 2000), each municipality must prepare an Annual Report for each financial year. The purpose of the Annual Report is to:

- Provide a record of the activities of the municipality;
- Provide a report on performance in service delivery and against the budget;
- Provide information that supports the revenue and expenditure decisions made; and
- Promote accountability to the local community for decisions made.

The 2009 /2010 Annual Report was tabled in Council on 28 January 2011.

The final step in the reporting process is for Council to consider the Annual Report in the light of the findings contained in an Oversight Report. The Oversight Report must be compiled by Non-Executive Councillors and members of the community as it represents a separation of powers between the Council and the Administration and is aimed at enhancing accountability and good governance.

LEGISLATIVE MANDATES FOR THE OVERSIGHT COMMITTEE

Section 129 (1) of the Municipal Finance Management Act (Act No 56 of 2003) states that the Council of the Municipality must consider the Annual Report of the Municipality and by no later than two months from the date on which the Annual Report was tabled in the Council, adopt an Oversight Report containing the Council's comments on the Annual Report, which must include a statement whether the Council has:

- Approved the Annual Report with or without reservations;
- Rejected the Annual Report; or
- Has referred the Annual Report back for revision of those components that can be resolved.

COMPLIANCE WITH LEGISLATIVE AND NATIONAL TREASURY REQUIREMENTS

1. National Treasury Circular No. 11

In comparing the format and contents of the 2009 / 2010 Annual Report with the suggested format in National Treasury Circular No 11, the findings of the Oversight Committee are as follows:

1.1 Chapter One

National Treasury guidelines	Level of compliance
a) Mayor's foreword giving a general summary of the municipality's performance during the year.	100% compliant - contained on page 2
b) Overview of the District Municipality – a short description of the Municipality with a geographic and demographic profile.	100% compliant - contained on pages 7 - 17
c) Executive Summary reflecting the vision and mission and financial health.	Executive Summary included on page 6, but it does not address the financial health of the Municipality

1.2 Chapter Two

National Treasury guidelines	Level of compliance
a) A brief narrative of the performance highlights and services provided.	100% compliant - contained on pages 18 - 30

1.3 Chapter Three

National Treasury guidelines	Level of compliance
a) Reflect the organisational structure and how the structure relates to each function. Information on staffing to be provided.	100% compliant - contained on pages 32 – 42. In future the requirements of the Circular No. 11 should be listed separately and compliance tested against each criteria individually

1.4 Chapter Four

National Treasury guidelines	Level of compliance
a) Audited Financial Statements and related financial information.	100% compliant - contained on page pages 79 - 112

1.5 Chapter Five

National Treasury guidelines	Level of compliance
a) Functional area service delivery reporting.	100% compliant - contained on pages 44 – 59. Level and standard of services provided should also included in the table as prescribed by Circular No. 11

2. Municipal Finance Management Act (Act No. 56 of 2003)

Legislative requirement	Level of compliance
2.1 The annual financial statements (AFS) are compliant with the generally recognised accounting practices (GRAP).	100% compliant
2.2 The Auditor-General's Report is to be included in the Annual Report.	100% compliant

2.3 Explanations to be included that are necessary to clarify issues in connection with the financial statements.	100% compliant
2.4 An assessment on arrears on municipal taxes and service charges to be included.	70% compliant. This 70% is in respect of those being billed, but efforts must be made to bill all water consumers, taking into account the provisions of the Indigent Policy
2.5 Corrective action taken or to be taken in response to issues raised in the audit report.	Management responses were not initially included, but the Oversight Committee requested that they be included and they are now included. Challenges still remain with regard to water losses and this must be addressed by means of an Action Plan based the Water Services Development Plan.

3. Division of Revenue Act (Act No. 1 of 2007)	
Legislative requirement	Level of compliance
3.1 The Annual Report to disclose: a) Details of conditional grants received from national and provincial spheres; b) Details of conditional grants received from other municipalities; and c) Details of grants made to any organs of state.	a) 100% compliant b) N/A c) N/A
3.2 The extent to which the conditions of the grants were met.	100% compliant
3.3 The use of any donor funding support.	100% compliant
3.4 Information on long-term contracts.	100% compliant
3.5 Information technology and systems purchases and the effectiveness of these systems.	The Auditor-General found that the ICT Systems were not 100% compliant and the Municipal Manager reported that this is currently being addressed
3.6 Three year capital plan for addressing infrastructure backlogs.	100% compliant

3.7 Information relating to outstanding debtors and creditors of the Municipality.	100% compliant
3.8 Information relating to the benefits paid to Councillors, Managers and officials.	100% compliant

4. Municipal Systems Act (Act No. 32 of 2000)

Legislative requirement	Level of compliance
4.1 Performance report to be included in the Annual Report.	Included in Chapter 4, pages 44 - 59
4.2 Performance targets to be included in the Annual Report.	Performance targets included as "Outputs" in the Performance Report – Chapter 4
4.3 Performance evaluation in the Annual Report should compare actual with planned performance.	Actual performance included under "% Completion" in the Performance Report – Chapter 4
4.4 How did the Municipality perform in the execution of its core functions?	<ul style="list-style-type: none"> • Water and Sanitation: Much needs to still be done to satisfy community needs as reflected in the records of consultative meetings in paragraph 5 below • Solid Waste Management: The District needs to make an urgent intervention in order to execute this function effectively • Environmental Health: This function has only been partially taken over from Local Municipalities. Resources are required to takeover the function completely • Emergency Services: Resources need to be increased in Fire Services in order to meet the SA National Standard 10090 • Economic Development: This function is currently under resourced. The District needs to make an urgent intervention in order to execute this function effectively

4.5 To what extent have targets been achieved?	<p>Office of the MM = 70,8%</p> <p>Technical Services = 39,3%</p> <p>Community Services = 46,6%</p> <p>Financial Services = 88,9%</p> <p>Corporate Services = 74,5%</p> <p>The credibility of measurement and reporting must be improved</p> <p>Target dates for completion of projects must be clearly stated</p>
4.6 Are the Council and the Community satisfied with the performance?	<p>Much still needs to be done in order to meet the community needs as is reflected in the issues raised by Ward Committee Members during consultative meetings held. Refer to paragraph 5 below in this regard. Councillors share the concerns of the communities.</p> <p>Recognition must, however, be given to the fact that some community members were satisfied with the progress being made</p>
4.7 What actions have been taken and planned to improve performance?	<p>A Water Services Development Plan has been adopted by Council which sets out and prioritises all water and sanitation service delivery needs in the District. Funding is currently being sourced in order to meet these service delivery needs.</p>
4.8 There should be a correlation between the targets set for the Municipality and the targets set for Section 57 employees.	<p>The targets that appear in the Service Delivery and Budget Implementation Plans are the same targets that appear in the Individual Performance Plans (Scorecards) of Section 57 employees</p>

4.9 The Report should evaluate the efficiency of mechanisms applied to deliver the performance outcomes.	This is not addressed in the Report
4.10 Taking into account the Audit Report and opinion and the views of the Audit Committee, is performance considered to be efficient and effective?	There is much room for improvement as reflected in paragraph 5 below
4.11 To what extent have actions planned for the previous year been carried over to the financial year reported upon?	There was a rollover in MIG capital projects

5. Consultative meetings

During the consultative meetings the following comments were received from local municipality Councillors and Ward Committee Members representing their respective communities:

5.1 Mkhambathini Municipality

At a public consultation meeting held on 9 March 2011 Ward Committee Members, members of the Ratepayers Association and Councillors had the following comments about service delivery in their respective areas:

Ward 1

- Progress has been made in the field of electricity and water. However, some areas within the Ward have water and others do not. It is encouraging though to see pipes and the installation of pipelines taking place.
- The Mayor of Mkhambathini pointed out that water tankering poses a problem as the tankers do not deliver water to where it is needed, but instead they go to areas of the driver's choice. Water tankers do not supply water to schools in Ward 1 leading to early school closure on some days. Road construction has not been completed. Water and electricity should be made a priority in Ward 1. In some cases there was tampering with the valves which prevented the flow of water.

Ward 2

- There is no water although the construction of a pipeline has been noted. The following progress in providing access to water has been noted:

- There is no water at the moment;
 - One water tanker comes once a month;
 - There are insufficient water tanks;
 - The control over water tankering is problematic;
 - The adjacent Ward 3 gets water and why can this not also happen in Ward 2?;
 - Water should be provided using tankers while waiting for the completion of the water scheme.
- There is no electricity in the Ward.

Ward 3

- The main issue is the non access to potable water. Water tankering is insufficient with the result that the people are reliant on drawing water from the river. Water tankering control is problematic.
- In Ntweka there is no electricity and no proper roads.

Ward 4

- Access to potable water is the problem and the water tankers do not come frequently enough. There have been many promises since January 2011 about installing a water pipeline, but the progress on these promises is very slow. The District promised development after consultation with farm owners who have signed a letter of consent or agreement from, but the District is not responding.
- No electricity in the area.
- There are no toilets on the farms.

Ward 5

- There is no electricity in the area. The Mayor of the District said that the electrification of Maqonqo had been budgeted for, but at this stage nothing has materialised. Because of this problem a child died after falling down a cliff while collecting wood.
- Access to potable water is a problem and water tankering is unreliable. People have been waiting for as long as two months for water tankers to arrive. This problem was discussed with a representative from the District and it transpired that mechanical problems are being experienced with the water tankers and that they are also not going to other places.
- There is no water at the Tribal Court.
- A hall and a sports stadium are being vandalised. These facilities should be officially handed over to Mkhambathini Local Municipality so that control can be exercised.
- The Khonza fees are retarding development in the area.
- There is no housing development in the area.

Ward 6

- Water problems are being experienced at the Mpangisa Scheme. This has been reported to the District, but nothing has been done about it.
- The Makholweni Scheme is working 100%.
- Water wastage could be curtailed through education.
- The Nhlazuka Scheme is not fully functional.